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**U.S. Offers to Expand Access to the  
Already Open American Services Sector in WTO Trade Talks**

WASHINGTON - U.S. Trade Representative Robert B. Zoellick announced today that the U.S. will offer to expand global access to the already open American services sector, as part of ongoing World Trade Organization (WTO) negotiations to liberalize worldwide trade in services. The U.S. is the world's largest exporter of services, and today's offer complements the U.S. request last summer that other WTO members open their markets to American services, which often face high barriers and impediments to doing business.

"Americans lead the world in providing top quality services that improve lives, lower prices, spark new inventions and expand consumer choices. In effect, America has made a down payment in opening services markets -- we're already reaping many of the economic benefits of being quite open," Zoellick said. "Last summer we called on our trading partners to lower their barriers to American services. We continue to press for these barriers to be lowered so that American workers and businesses are treated fairly, and today's offer moves this process forward."

The service sector comprises 80 percent of U.S. employment and 64 percent of U.S. Gross Domestic Product (GDP). According to a University of Michigan study, a one-third cut in global barriers to trade in services would increase U.S. annual income by \$150 billion (\$2,100 per American family of four). Total elimination of barriers in services would raise U.S. annual income gain by over \$450 billion (\$6,380 per family of four).

Trade in services also benefits developing countries greatly. The infrastructure of modern and growing economies and the gains made from liberalizing trade in services and agriculture is enhanced with open service sectors. The benefits of a modern services sector reverberates across an entire economy, touching every product, idea and consumer. Modernizing services can help developing countries jump start the economic growth necessary for reducing poverty. The service sector is the fastest growing part of the economy in many developing countries, with the World Bank reporting that services account for 54 percent of their GDP.

The negotiations call for specific periods for "requests" and "offers" to be made, and offers by WTO members were to be made by March 31, 2003. Both the U.S. services requests of other

countries and today's offer were developed in consultation with domestic stakeholders, including Congress, trade advisory groups and various state and local representatives.

The U.S. services offer is part of a long-term process of expanding choice and opportunity for U.S. consumers of commercially important sectors, in areas such as: insurance; banking and other financial services; telecommunications and information services; express delivery; environmental services and energy services.

To clarify the false assertions sometimes raised by opponents of trade, the United States is also clarifying that it is not negotiating services in the following areas: government monopoly service suppliers (such as water authorities); government programs targeted towards U.S. or minority citizens; and the autonomy of U.S. educational institutions.

### **Background:**

Zoellick noted that liberalizing trade in services through global trade negotiations is a continuation of America's historic post-WWII vision of promoting shared economic growth, opportunity, and peaceful prosperity through trade, competition, and openness. Manufactured goods tariffs have fallen by some 90 percent over the last 50 years. However, there has been little multilateral progress in liberalizing services, because it was addressed for the first time in the 1994 Uruguay Round Agreements. The Uruguay Round of negotiations resulted in standstill bindings - countries promised to not make their restrictions any worse. The current Doha trade negotiations are historic, because they have set up a negotiation framework to reduce barriers in services.

U.S. commercial services exports in 2002 were \$276 billion - - doubling since 1990. In addition, sales of services by majority U.S.-owned affiliates overseas were \$338 billion in 1999. U.S. services exports support over 4 million U.S. jobs - - jobs in both the services and manufacturing sectors. U.S. services-exporting industries are spread throughout the country: Every state in the union has companies engaged in exports of information and data processing services, and 49 states engage in export of software services.

### **U.S. Trade Leadership**

The United States has moved forward globally, regionally, and bilaterally to promote trade liberalization. In the global trade negotiations launched at Doha in November 2001, the U.S. has made bold proposals in agriculture, for industrial and consumer goods, as well for services.

- On July 1, 2002, the United States announced proposals for liberalizing global trade in services, designed to remove foreign barriers in areas such as financial services (including insurance, banking and securities); telecommunications; express delivery; computer services; energy; and environmental services.
- On July 25, 2002, the United States announced an ambitious proposal for reforming the rules of global agricultural trade that would level the playing field for all countries by

substantially reducing global trade barriers, slashing global trade-distorting subsidies by over \$100 billion annually, and eliminating export subsidies.

- On November 26, 2002, the United States announced an ambitious new proposal calling on members of the World Trade Organization (WTO) to eliminate all tariffs on consumer and industrial goods by 2015. Demonstrating continued U.S. leadership in the Doha Development Agenda, the U.S. plan for zero tariffs is comprehensive, and would benefit both developed and developing nations. This proposal, combined with the far-reaching U.S. agricultural reform proposal submitted to the WTO in July, would eliminate tariffs on the nearly \$6 trillion in annual world goods trade, lifting the economic fortunes of workers, families, businesses, and consumers.

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